



ASSOCIATION OF OREGON FACULTIES

740 Oakway Circle, Ashland, OR 97520

September 30, 2013

To: Joint Interim Committee on Special Session

From: Association of Oregon Faculties

Re: SB 861 – PERS Cost of Living Adjustments & Proposed Changes

Co-Chair Kotek, Co-Chair Courtney, and members of the special committee,

The Association of Oregon Faculties (AOF) is an independent, non-union based organization representing a variety of faculty from Oregon's seven public universities located throughout the state. AOF seeks to protect and improve the working conditions and fair compensation of Oregon university faculty as well as helping to ensure that the Oregon University System gets adequate funding in the state appropriations process.

AOF would like to thank the Joint Interim Committee on Special Session for this opportunity to submit testimony on SB 861 and proposed changes to PERS. AOF strongly believes that any modifications to the Public Employee's Retirement System need to be **legal and fair** and the SB 861 fails on both counts.

AOF understands that the economic collapse caused unprecedented losses in PERS, resulting in difficult issues for educational institutions and the legislature to grapple with. However, it is vital that any policy changes to PERS be: 1) constitutional and not go back on promises made to hard working Oregonians who depend on their retirement, 2) actually save money in the short term while preserving the health of the system in the long run, and 3) be fair and not unjustly harm average Oregonians for an issue that Wall Street created.

SB 861 will unfairly hurt seniors and many living on fixed incomes by further cutting retirees' cost of living adjustments and altering calculations for those soon to retire. SB 822 was already passed during the 2013 legislative session, which *if* upheld in the courts, will result in over \$400 million in cuts to PERS retirees. Oregon courts have already ruled that a promise is a promise and these proposals again appear to violate a contractual agreement, which will result in costly litigation, and all the dollars hoped for the budget from this legislation will likely not be realized.

Further downward adjustments to the COLA *target every day Oregonians who worked hard for their retirement and depended on promises made to them*. It is unfair of the legislature to place the burden of further cuts on their shoulders. Please consider fairer and more viable alternatives. *We ask you to oppose SB 861.*

Thank you for your consideration of our comments.

Sincerely,

Alan Bakalinsky
Association of Oregon Faculties - President